BPK RI Submits Report on Results of Continuing Investigations on the Case of PT Bank Century, Tbk.

Republic of Indonesia: Supreme Audit Agency

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BPK RI SUBMITS REPORT ON RESULTS OF CONTINUING INVESTIGATIONS ON THE CASE OF PT BANK CENTURY, TBK.

December 23, 2011

Jakarta, Friday (23 December 2011) – The Supreme Audit Agency of the Republic of Indonesia (BPK RI) submitted the Results of the Continuing Investigation Report on the Case of PT Bank Century, Tbk. to the House of Representatives of the Republic of Indonesia (DPR RI) at the DPR RI Building, Jakarta today (23/12). Continuing Investigation Examination of the Case of PT Bank Century, Tbk. This was carried out to fulfill the request of the DPR RI in accordance with the Letter of the Chairperson of the DPR RI Number: PW.01/3177/DPR RI/IV/2011, dated 6 April 2011 which requested BPK RI to conduct a Forensic Audit on the Century Bank Case. Submission of the audit results report was carried out by the Chairman of the BPK RI, Drs. Hadi Poernomo, Ak., to the Chairman of the DPR RI, DR. H. Marzuki Ali, and was attended by Deputy Chairmen of the DPR RI, Deputy Chairperson of the RI BPK, Members of the RI BPK, and the Secretary General of the RI BPK as well as officials within the RI BPK.

The purpose of the follow-up investigative examination is to find transactions that are not fair/and/or contrary to laws and regulations that are detrimental to Bank Century (BC)/the state and/or society, both before and after BC was taken over by the Deposit Insurance Corporation (LPS), including disclosing the parties involved in the transaction.

The target of the examination includes all suspicious transactions before and after the BC is taken over by LPS, including but not limited to:

1. Transactions of securities (SSB)
2. Credit transactions
3. Letter of Credit (L/C) Transactions
4. Transactions of operational costs and foreign currency cash
5. Transactions related to PT Antaboga Deltasekuritas Indonesia (PT ADI)
6. Affiliated and third party fund transactions
7. Unaffiliated third party fund transactions.

As a general description, the use of temporary equity participation funds (PMS) received by BC amounting to IDR 6.7 trillion as of August 10, 2009 (when BC’s status was recorded as a bank under special supervision) can be seen in the table below this press release.

The inspection is carried out within 125 working days, or faster than the time planned in the Term of Reference (TOR), which is 150 working days. During the audit, BPK encountered obstacles, including access to key personnel, overseas banking transactions, documents related to cases being handled by law enforcement officials, and other related documents as well as incomplete customer data and/or transactions at BC.

The results of the follow-up investigative examination of the PT Bank Century, Tbk Case. This is a continuation of the results of the stage I investigation into the PT Bank Century, Tbk case. which is final and has been submitted to the DPR RI on 23 November 2009 which revealed nine findings, namely:

1. BI is not firm and not prudent in implementing the rules and requirements for acquisitions and mergers that it sets itself in the merger of Bank CIC, Bank Plikko, and Bank Danpac
2. BI was not strict in carrying out supervision over BC so that the problems faced by BC since the 2004 merger were not resolved so that in the end it was declared a failed bank with systemic impact and was rescued by LPS on November 21, 2008
3. The provision of short-term funding facilities to BC is carried out by BI by changing the provisions and the implementation of the provision is not in accordance with the provisions
4. The determination of BC as a failed bank with systemic impact is not based on complete and up-to-date data and information from Bank Indonesia regarding the actual condition of BC
5. Submission of BC handling to LPS in accordance with Law no. 24 of 2004 concerning LPS and the discussion of additional temporary equity participation (PMS) for BC is carried out by the Coordinating Committee (KK) whose institutions have not been established based on the law, so that it can affect the legal status of the existence of KK and the handling of BC by LPS
6. The process of handling BC by LPS was not supported by calculations of estimated handling costs, complete PMS additions were not discussed with the Coordinating Committee, changes in PLPS were to be expected so that BC could obtain additional PMS for liquidity needs, and PMS distribution to BC which had not had any since December 18, 2008 legal basis

7. BC makes payments of third party funds related to banks as long as BC is a bank under special supervision in the amount of IDR 938,645 million

8. Embezzlement of USD 18 million in foreign currency cash funds and splitting of 247 NCDs each with a nominal value of IDR 2 billion and

9. Unhealthy practices and violations by bank management, shareholders and related parties in the management of the bank are detrimental to BC.

From the nine phase I findings, an in-depth study was carried out regarding the flow of funds. In the report on the results of further investigations, BPK RI found transactions that were not fair and/or contrary to laws and regulations which were detrimental to BC/state, both before and after PT Bank Century, Tbk. taken over by the Deposit Insurance Agency (LPS), including disclosing the parties involved in the transaction. These findings constitute an integral part of the findings that have been presented in the results of the previous examination of the PT Bank Century, Tbk case, specifically related to the seven audit objectives as mentioned above, as follows:

1. SSB transactions

1). Funds from the sale of US Treasury Strips (UTS) BC in the amount of USD 29.77 million were embezzled by FGAH (Mr. HAW and Mr. RAR).

2). The transaction of transferring funds from the sale of SSB US Treasury Strips (UTS) BC in the amount of USD 7 million to be made into PT AI deposits in BC is detrimental to BC.

3). The SSB promised in the AMA scheme of USD 163.48 million has matured but cannot be disbursed.

2. Credit Granting Transactions

4). Funds from loan disbursements to 11 debtors were not used according to the purpose of giving credit.

5). The proceeds from the sale of ex-credit collateral assets by PT TNS amounted to IDR 58.31 billion and IDR 9.55 billion were not paid to BC.

3. Transaction Letter of Credit (L/C)

6). The disbursement of margin deposit guarantees for several troubled L/C debtors is carried out before the L/C matures for purposes other than the obligation to accept the L/C.

4. Foreign Exchange Cash Transactions and Operational Costs

7). Ms. DT closed the shortfall in foreign currency funds of USD 18 million with deposits belonging to Mr. BC customer BS.

8). Some of the foreign currency funds allegedly embezzled by Ms. DT flows to Mr. ZEM in 2008 amounted to USD392,110.

5. Affiliated Third Party Fund Transactions

9). The flow of funds from PT CBI (affiliated party) to Mr. BM of IDR 1 billion, has the potential to cause a conflict of interest.

10). The addition of PT ADI (Affiliated Party) account at BC in the amount of IDR 23 billion without any incoming funds to BC.

6. Unaffiliated Third Party Fund Transactions

11). Providing cashback as a kickback to BUMN/BUMD/Foundation individuals.

7. PT ADI transactions

12). BC’s cash flow of IDR 465.10 billion to PT ADI and PT ADI’s customers was detrimental to BC and burdened PMS.

13). The flow of funds from BC to Mr. AR is unnatural, because there is no underlying transaction.

other information:

1. Flow of funds Mr. SS and Mr. SL to PT MNP

2. Transactions of foreign currency exchange and deposit of foreign exchange results of Mr. HEW and Mr. SKS.

Table of Details of Use of PMS Funds
(Rp billion)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayment of FPJP BI and interest</td>
<td>706.21</td>
</tr>
<tr>
<td>Return of BUMN/BUMD/Foundation DPK</td>
<td>524.34</td>
</tr>
<tr>
<td>Payment of affiliated TPF</td>
<td>80.70</td>
</tr>
<tr>
<td>Payment of unaffiliated TPF</td>
<td>2,869.20</td>
</tr>
<tr>
<td>Other payments</td>
<td>27.48</td>
</tr>
<tr>
<td>Placement with BI</td>
<td>1,561.01</td>
</tr>
</tbody>
</table>
Government Securities 631.97
Cash in BC 80.05
Interbank Placements 281.40
Total 6,762.36

Bureau of Public Relations and Overseas BPK RI

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INDEX

BPK Provides Unqualified Opinion on Central Government Financial Statements for 2022
20/06/2023

A New Tradition in G20 Has Rolled, Contribution of SAI20
15/06/2023

BPK Encourages Increased Impact of Performance Audit, especially in the Green Economy Sector
05/06/2023

BPK's response to the Statement of the Former Head of PPATK
07/05/2023

Coordination of LKKL and LKPD Examinations in 2022 in the Context of Improving the Quality of Government Financial Reporting in the AKN VI Environment
29/03/2023

Accepting LKPP 2022 Unaudited, BPK Reveals Challenges Regarding Audit
28/03/2023

CAG India Ready To Host SAI20 Summit This Year
01/02/2023

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